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INTERNATIONAL REAL ESTATE

For Sale In... Mexico City

By LISA KEYS

HACIENDA-STYLE HOUSE IN THE MEXICO CITY NEIGHBORHOOD OF COYOACÁN

17,000,000 Pesos (\$1,235,662)

This traditional, hacienda-style home is on a dead-end street in Coyoacán, an upscale, bohemian neighborhood in the south of Mexico City that has long been home to artists — among them [Frida Kahlo](#) and [Diego Rivera](#).

The 500-square-meter (5,382-square-foot) two-story house, built in the Spanish colonial style, has a tile roof and is made of brick and stucco, with decorative stone details and columns. There are four bedrooms and three and a half bathrooms, plus two additional bedrooms and a bathroom for household staff.

Built in 1970, the house has many rustic details, including exposed beams and a stone fireplace in the living room. The kitchen has a mosaic tile backsplash, a traditional brick oven and a breakfast nook. The house also has a large, formal dining room and a family room. The home is sold partially furnished with antique wood furniture, including the dining room table, which seats 12.

The 1,500-square-meter (0.37-acre) property is surrounded by a tall stone wall. The gated entrance has a security checkpoint for a guard. The garden has mature trees and a stone walkway and patio, as well as parking spaces for four cars.

The home is a 10-minute walk from shops, restaurants and churches; the airport is 25 kilometers away.

MARKET OVERVIEW

Mexico City's real estate market has been somewhat spared from the global downturn, largely because the market is predominantly local, said Mitch Creekmore, a senior vice president at Stewart Title Guaranty Company, a title insurance company in Houston. It is also cash-based, because there is no formalized mortgage market in Mexico.

From 2001 to 2007, prices citywide climbed about 7 percent a year, said José Bernardo González, president and principal broker at Tu Casa Real Estate, which is based in Mexico City

and Oregon. "There was a myth in Mexico City that prices never go down," Mr. González said. But that myth has been shattered; prices have fallen 2.5 to 6.5 percent from their peak in 2007.

Today, prices in Coyoacán, Polanco and other affluent neighborhoods that appeal to foreigners start at \$200 a square foot and quickly go up from there, said Mr. González.

The recent devaluation of the peso — which hit record lows against the dollar last month — has made Mexico attractive to many foreigners, Mr. Gonzalez explained. He added that the government had made a strong investment in entry-level housing, to fortify the foundation of the city's real estate market.

WHO BUYS IN MEXICO CITY

The majority of foreign buyers in Mexico City are North Americans, many with Mexican roots, according to Mr. González. There are also European buyers — Spanish and French, in particular — as well as many from China.

BUYING BASICS

Foreigners are required to obtain a permit from the government's foreign relations office, said Dennis Peyton, owner of Peyton and Associates, a law firm based in Tijuana that handles real estate and business transactions for foreigners in Mexico. The cost is 5,075 pesos (\$369), and the process generally takes less than a week.

A good estimate is to set aside 3 to 5 percent of the purchase price for closing costs, said Mr. González. This includes a 2 percent acquisition tax — which is applied to the purchase price or the appraisal value, whichever is higher, Mr. Peyton said — and notary fees, which range from 0.75 to 2 percent of the purchase price or appraised value, whichever is higher. Also required: an appraisal, a certificate of non-lien, and a certificate of property tax payment; fees range from \$100 to \$200 for each, Mr. Peyton said.

The real estate industry is not regulated in Mexico, and there is no formal licensing of real estate agents. Mr. González suggests that buyers use an agent registered with the Asociación Mexicana de Profesionales Inmobiliarios (AMPI), a national association of real estate agents and lawyers. (Lawyer fees start at \$1,000 or so, Mr. Peyton said).

Other optional safeguards include title insurance, approximately 1 percent of the purchase price, said Mr. Creekmore, and an escrow service based in the United States, which is \$750.

USEFUL WEB SITES

Coyoacán: www.coyoacan.df.gob.mx

City guide: www.allaboutmexicocity.com

English-language daily newspaper: www.thenews.com.mx

LANGUAGES AND CURRENCY

Spanish; Mexican peso (1 peso = \$0.07)

TAXES AND FEES

Property taxes are 128,000 pesos (\$9,304) a year. A security guard would cost 6,000 to 10,000 pesos (\$436 to \$727) a month, Mr. González said.

CONTACT

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